

2011 IMF Article IV Consultation Report Comparisons: US and Iran

	US	Iran
Background	Economy continues to recover at a modest pace, but remains vulnerable. However, there was a significant growth slowdown in first half of 2011, which may be a result of transient factors. Housing and labor markets and weak consumption have delayed recovery. Specifically, the lack of residential construction is considered a main roadblock to faster recovery.	Growth recovered on the strength of international oil prices, strong rebound in agricultural sector and rapid credit expansion. Inflation was contained while fiscal and external positions improved. The sharp increase in the domestic prices of energy products on December 19, 2010 is estimated to have reduced the cost of subsidies by about 15 percent of GDP (US\$60 billion)
Real GDP Growth (factor cost; percentage change)		
2010/11	2.5***	3.2**
2009/10	2.9	3.5
2008/09	-2.6	.6
Central Government balance (in percent of GDP)		
2010/11	-9.3	1.7**
2009/10	-9.6	1.0
2008/09	-11.4	.7
Current Account Balance (in percent of GDP)		
2010/11	-3.2	6.0**
2009/10	-3.2	3.0
2008/09	-2.7	6.5
Debt held by public (in percent of GDP)		
2010/11	70.2	5.4**
2009/10	62.1	5.9
2008/09	53.5	6.1
Gross National Savings (in percent of GDP)		
2010/11	12.3	43.6**
2009/10	11.6	40.4
2008/09	10.9	43.9

*Iran's fiscal year ends on March 20.

**Estimate

***According to the draft of the IMF's World Economic Outlook 2.5% was lowered to 1.6%

("IMF slashes U.S. GDP forecast: report, <http://www.reuters.com/article/2011/08/29/us-imf-forecasts-idUSTRE77S30S20110829>)

****Data for the first quarter

	US	Iran
Overall outlook/Projections	Outlook is for continued modest growth. With sluggish private domestic demand economic slack remains large: in particular, the unemployment rate has declined only modestly from its recent peak. As a result, inflation pressures will likely remain contained, despite the recent firming in core inflation.	Outlook is positive with growth expected to rebound in the medium-term due to the high oil prices and potential efficiency gains from subsidy reform, however it is subject to downside risks. With a more labor-intensive growth (that is, a higher elasticity of employment to growth), unemployment could decline in the medium-term.
Recommended Policies	Although macroeconomic policies have been supportive, fiscal policy will face future constraints and a cautious approach is needed to decrease macroeconomic support is needed. It is critical that public debt be placed on a sustainable path; debt-to-GDP ratio should be stabilized by 2015 and reduced after. Fiscal adjustment should start in FY2012 to guard against the risk of a disruptive loss in fiscal credibility, and encompass cuts in mandatory spending as well as revenue increases.	Save any oil revenue windfall and sterilize the related foreign exchange inflows. Full removal of subsidies and steadfast implementation of the ongoing tax and customs reforms are essential to further reduce Iran's dependency on oil and natural gas.

Sources-

"IMF Executive Board Concludes 2011 Article IV Consultation with the Islamic Republic of Iran," <http://www.imf.org/external/np/sec/pn/2011/pn11107.htm>

"International Monetary Fund Islamic Republic of Iran, Staff Report for the 2011 ArticleIV Consultation," <http://www.imf.org/external/pubs/ft/scr/2011/cr11241.pdf>

"International Monetary Fund The United States, 2011 ArticleIV Consultation," <http://www.imf.org/external/pubs/ft/scr/2011/cr11201.pdf>

"IMF Executive Board Concludes 2011 Article IV Consultation with the United States," <http://www.imf.org/external/np/sec/pn/2011/pn1197.htm>

"IMF Report on U.S. Fiscal Policy, July 2011," <http://www.cfr.org/financial-crises/imf-report-us-fiscal-policy-july-2011/p25537>